

EXHIBIT U

ResCap

To: Members of the Residential Capital, LLC Audit Committee:

Jonathan Ilany
John Mack
Ted Smith
Pam West

cc: Steve Abreu
Tom Marano
Jim Whitlinger

Residential Capital, LLC Audit Committee Meeting
Tuesday, May 1, 2012, 12:00 – 2:00 pm (ET)
Dial-in No.: 866-203-0920 / International No.: 206-445-0056
Access Code: 53396-93036

A telephonic meeting of the ResCap Audit Committee will be held Tuesday, May 1, 2012, from 12:00 to 2:00 pm (ET). The purpose of the meeting is to review 2012 first quarter financial statements. An agenda and supporting materials are attached.

All directors are invited to attend the meeting. Please let me know if you are unable to participate. Feel free to contact me by phone (313-656-6301) or email (cathy.quenneville@ally.com) should you have any questions. Thank you.

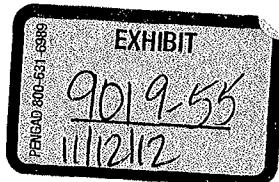
Cathy Quenneville
Secretary
4/30/12

Attachments

Additional cc:	Ann Cummings	Jim Mackey
	Cathy Dondzila	Joe Moldovan
	Tammy Hamzehpour	Tom Robinson
	Carol Larson	Bill Solomon
	David Lerner	Brad Stevenson
	Jack Levy	Dan Tucci

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ResCap Audit Committee
May 1, 2012
12:00 – 2:00 pm (Eastern)

AGENDA

	<u>Start Time</u>
1. <u>Update on R&W Obligations, Litigation and Related Matters</u> <i>Tim Devine and Todd Kushman</i>	(20 min) 12:00 pm
2. <u>Approval of 2012 First Quarter Private Financial Statements and Review of Related Accounting Matters</u> <i>Cathy Dondzila</i>	(60 min) 12:20 pm
3. <u>Deloitte Report on 2012 First Quarter Review</u> <i>Tom Robinson and Brad Stevenson</i>	(20 min) 1:20 pm
4. <u>Executive Session:</u> i. Management ii. Deloitte iii. Audit Director	(20 min) 1:40 pm

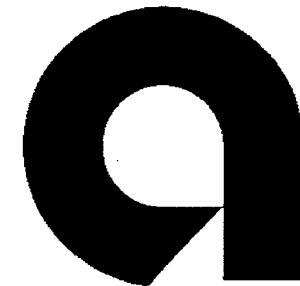
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Audit Committee

Supplemental Materials

April 27, 2012



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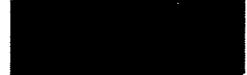
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A horizontal bar chart comparing the percentage of respondents who have heard of different terms. The y-axis lists ten terms, some appearing twice. The x-axis represents the percentage of respondents, ranging from 0% to 100% in increments of 10%. The bars are black.

Term	Percentage (%)
GMOs	~85
Organic	~80
Natural	~75
Artificial	~65
Organic	~60
Natural	~55
Artificial	~50
Organic	~45
Natural	~40
Artificial	~35

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[REDACTED]

ANSWER The answer is 1000. The first two digits of the number 1000 are 10.

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REFERENCES

For more information about the study, please contact Dr. John D. Cawley at (609) 258-4626 or via email at jdcawley@princeton.edu.

1

REVIEW ARTICLE | **REVIEW ARTICLE** | **REVIEW ARTICLE** | **REVIEW ARTICLE**

For more information about the study, please contact Dr. Michael J. Hwang at (310) 206-6500 or via email at mhwang@ucla.edu.

ANSWER **QUESTION** **ANSWER** **QUESTION** **ANSWER**

- [REDACTED]

4

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ANSWER The answer is (A). The first two digits of the number 1234567890 are 12.

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ANSWER The answer is (A). The first two digits of the number 12345678901234567890 are 12.

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ANSWER The answer is 1000.

1

ANSWER The answer is (A). The first two digits of the number 1234567890 are 12.

1 [REDACTED] **2** [REDACTED]

ANSWER *What is the best way to increase sales?*

Figure 1. The effect of the number of training samples on the performance of the proposed model. The proposed model is trained with 100, 200, 300, 400, 500, 600, 700, 800, 900, and 1000 training samples. The proposed model is evaluated with 100 test samples. The proposed model is trained with 100, 200, 300, 400, 500, 600, 700, 800, 900, and 1000 training samples. The proposed model is evaluated with 100 test samples.

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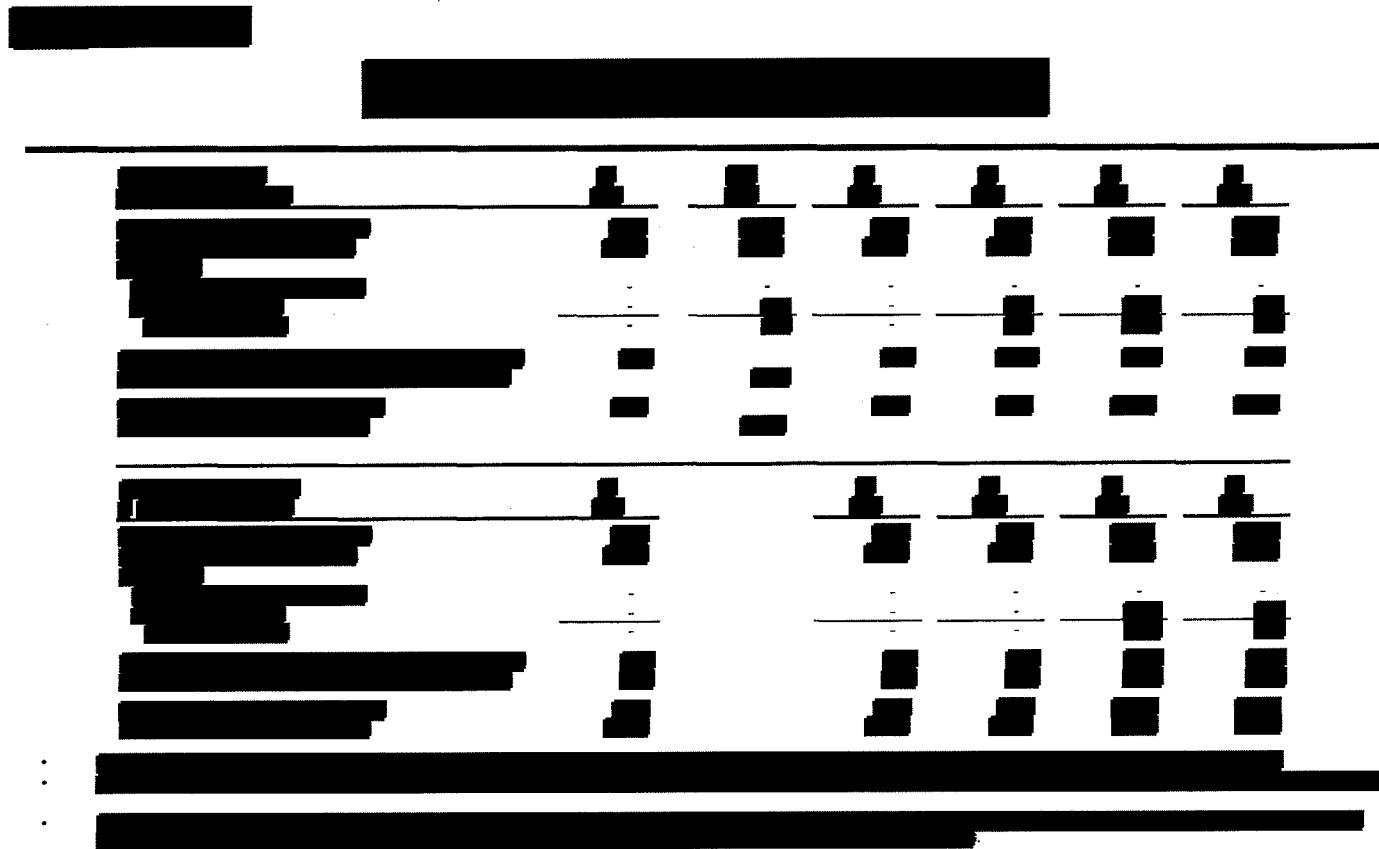
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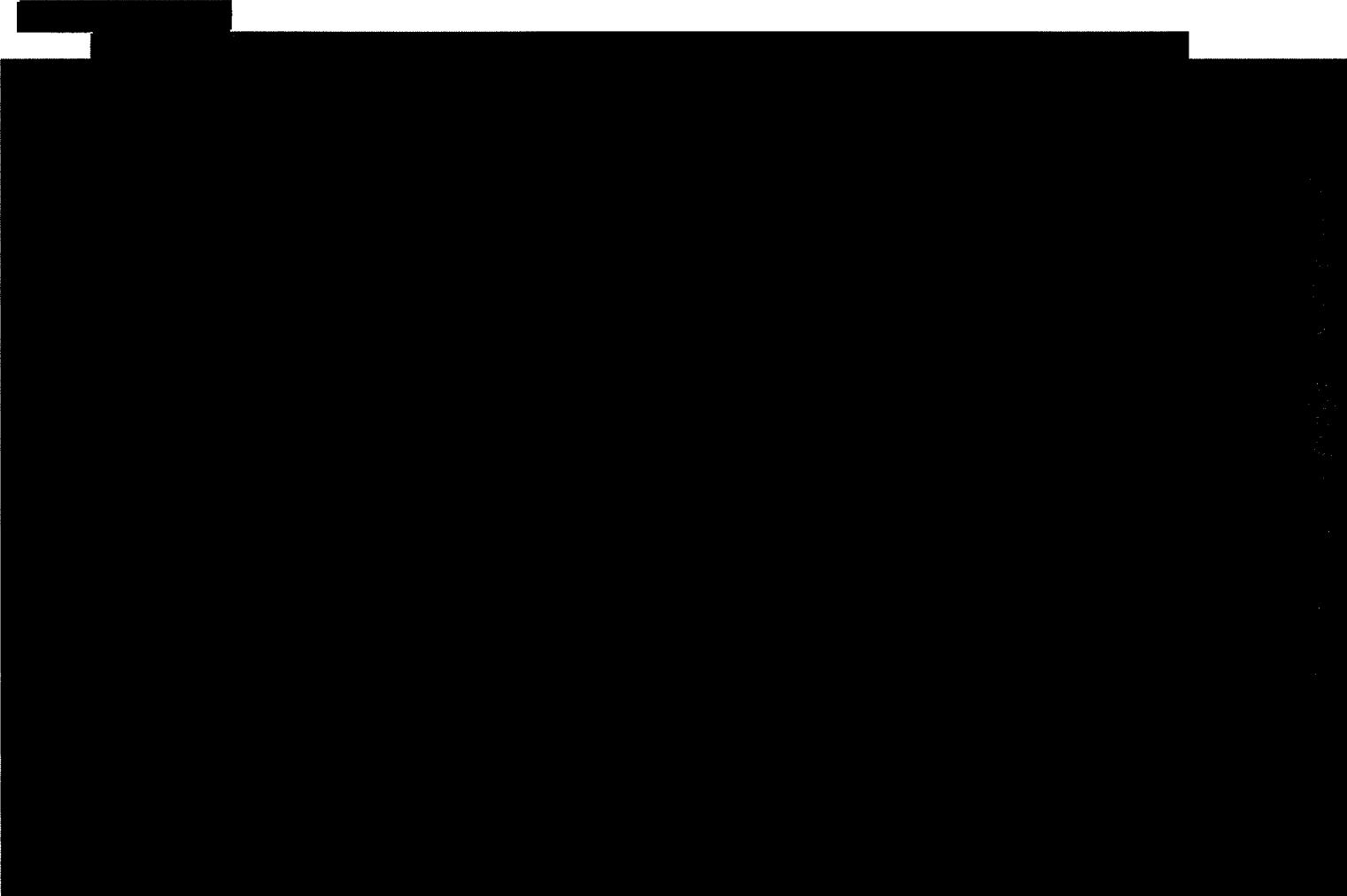
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RESIDENTIAL CAPITAL, LLC

**Condensed Consolidated Financial Statements for the Periods Ended
March 31, 2012 and 2011
(Unaudited)**

Condensed Consolidated Balance Sheet (unaudited)
 Residential Capital, LLC

(\$ in thousands)	March 31, 2012	December 31, 2011
Assets		
Cash and cash equivalents	\$652,704	\$618,699
Mortgage loans held-for-sale (\$46,419 and \$56,976 fair value elected)	4,270,826	4,249,625
Finance receivables and loans, net		
Consumer (\$832,094 and \$835,192 fair value elected)	996,559	1,022,730
Commercial	41,145	38,017
Allowance for loan losses	(28,788)	(28,616)
Total finance receivables and loans, net	1,008,916	1,032,131
Mortgage servicing rights	1,254,497	1,233,107
Accounts receivable, net	3,157,256	3,051,748
Other assets	5,331,372	6,628,152
Total assets	\$15,675,571	\$16,813,462
Liabilities		
Borrowings		
Borrowings from parent and affiliate	\$1,409,873	\$1,189,364
Collateralized borrowings in securitization trusts (\$828,418 and \$829,940 fair value elected)	828,418	830,318
Other borrowings	4,468,776	4,705,404
Total borrowings	6,707,067	6,725,086
Other liabilities	8,569,161	9,996,026
Total liabilities	15,276,228	16,721,112
Equity		
Member's interest	11,630,276	11,433,776
Accumulated deficit	(11,166,544)	(11,279,560)
Accumulated other comprehensive loss	(64,389)	(61,866)
Total equity	399,343	92,350
Total liabilities and equity	\$15,675,571	\$16,813,462

The assets of consolidated variable interest entities that can be used only to settle obligations of the consolidated variable interest entities and the liabilities of these entities for which creditors (or beneficial interest holders) did not have recourse to our general credit at March 31, 2012 and December 31, 2011, were as follows.

(\$ in thousands)	March 31, 2012	December 31, 2011
Assets		
Mortgage loans held-for-sale	\$7,944	\$8,658
Finance receivables and loans, net		
Consumer (\$832,094 and \$835,192 fair value elected)	987,869	998,509
Allowance for loan losses	(8,732)	(10,126)
Total finance receivables and loans, net	979,137	988,383
Accounts receivable, net	1,026,867	1,027,411
Other assets	32,934	29,494
Total assets	\$2,046,882	\$2,053,946
Liabilities		
Borrowings		
Collateralized borrowings in securitization trusts (\$828,418 and \$829,940 fair value elected)	\$828,418	\$830,318
Other borrowings	806,292	855,631
Total borrowings	1,634,710	1,685,949
Other liabilities	28,833	29,099
Total liabilities	\$1,663,543	\$1,715,048

The Notes to the Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

Condensed Consolidated Statement of Comprehensive Income (unaudited)
 Residential Capital, LLC

<i>Three months ended March 31, (\$ in thousands)</i>	2012	2011
Revenue		
Interest income	\$94,605	\$110,240
Interest expense	103,218	116,991
Net financing revenue	(8,613)	(6,751)
Other revenue		
Servicing fees	188,941	217,664
Servicing asset valuation and hedge activities, net	115,316	48,911
Total servicing income, net	304,257	266,575
Gain on mortgage loans, net	106,493	35,200
Gain (loss) on foreclosed real estate	4,488	(2,702)
Other revenue, net	20,032	6,031
Total other revenue	435,270	305,104
Total net revenue	426,657	298,353
Provision for loan losses	(1,302)	5,632
Noninterest expense		
Representation and warranty expense, net	19,459	26,000
Compensation and benefits	103,233	81,676
Professional fees	57,343	18,962
Data processing and telecommunications	20,363	20,203
Occupancy	7,115	5,633
Advertising	2,046	8,747
Other noninterest expense, net	99,504	82,101
Total noninterest expense	309,063	243,322
Income before income taxes	118,896	49,399
Income tax expense	5,880	8,946
Net income	\$113,016	\$40,453
Other comprehensive income, net of tax	(2,523)	(2,397)
Comprehensive income	\$110,493	\$38,056

The Notes to the Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

Condensed Consolidated Statement of Changes in Equity (unaudited)
 Residential Capital, LLC

(\$ in thousands)	Member's interest	Accumulated deficit	Accumulated other comprehensive income	Total equity
Balance at January 1, 2011	\$11,324,371	(\$10,434,497)	(\$43,710)	\$846,164
Net income	—	40,453	—	40,453
Capital contribution	—	—	—	—
Other comprehensive income, net of tax	—	—	(2,397)	(2,397)
Balance at March 31, 2011	\$11,324,371	(\$10,394,044)	(\$46,107)	\$884,220
Balance at January 1, 2012	\$11,433,776	(\$11,279,560)	(\$61,866)	\$92,350
Net income	—	113,016	—	113,016
Capital contribution	196,500	—	—	196,500
Other comprehensive income, net of tax	—	—	(2,523)	(2,523)
Balance at March 31, 2012	\$11,630,276	(\$11,166,544)	(\$64,389)	\$399,343

The Notes to the Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

Condensed Consolidated Statement of Cash Flows (unaudited)
 Residential Capital, LLC

Three months ended March 31, (\$ in thousands)	2012	2011
Operating activities		
Net income	\$113,016	\$40,453
Reconciliation of net income to net cash (used in) provided by operating activities		
Depreciation and amortization	10,449	7,004
Accretion of deferred concession on secured notes	(25,921)	(24,898)
Provision for loan losses	(1,302)	5,632
Gain on mortgage loans, net	(106,493)	(35,200)
Net (gain) loss on other assets	(1,861)	3,345
Change in fair value of mortgage servicing rights	(10,817)	(36,488)
Originations and purchases of mortgage loans held-for-sale	(10,908,385)	(15,483,820)
Proceeds from sales and repayments of mortgage loans held-for-sale	10,666,109	15,204,714
Net change in		
Deferred income taxes	1,251	(2,004)
Accounts receivable	244,337	250,806
Other assets	1,112,423	1,170,188
Other liabilities	(1,336,152)	(787,829)
Net cash (used in) provided by operating activities	(243,346)	311,903
Investing activities		
Net (increase) decrease in commercial finance receivables and loans	(497)	11,412
Net decrease in consumer mortgage finance receivables and loans	77,133	187,378
Net decrease in investments in real estate and other	—	3,085
Proceeds from sales of foreclosed and owned real estate	22,890	44,363
Other, net	72,016	(9,072)
Net cash provided by investing activities	171,542	237,166
Financing activities		
Net increase (decrease) in borrowings from parent and affiliate	417,009	(187,146)
Repayments of collateralized borrowings in securitization trusts	(82,842)	(140,203)
Proceeds from other long-term borrowings	849,685	519,362
Repayments of other long-term borrowings	(923,285)	(796,606)
Net (decrease) increase in other short-term borrowings	(165,464)	91,776
Net cash provided by (used in) financing activities	95,103	(512,817)
Effect of changes in foreign exchange rates on cash and cash equivalents	10,706	10,254
Net increase in cash and cash equivalents	34,005	46,506
Cash and cash equivalents at beginning of year	618,699	672,204
Cash and cash equivalents at March 31,	\$652,704	\$718,710

The Notes to the Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

Condensed Consolidated Statement of Cash Flows (unaudited)
Residential Capital, LLC

Three months ended March 31, (\$ in thousands)	2012	2011
Supplemental disclosures		
Cash paid for		
Interest	\$38,443	\$91,379
Income taxes	18	17,642
Non cash items		
Mortgage loans held-for-sale transferred to consumer finance receivables and loans	461	1,113
Consumer finance receivables and loans transferred to mortgage loans held-for-sale	40,407	53,688
Consumer finance receivables and loans transferred to other assets	2,571	3,585
Mortgage loans held for sale transferred to other assets	47,073	15,637
Mortgage loans held-for-sale transferred to accounts receivable	349,436	214,932
Mortgage servicing rights recognized upon the transfer of financial assets	10,573	18,370
Capital contributions through forgiveness of borrowings from Ally Inc.	196,500	—
Other disclosures		
Proceeds from sales and repayments of consumer finance receivables and loans originally designated as mortgage loans held for sale	\$33,219	\$41,929

The Notes to the Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

Notes to Condensed Consolidated Financial Statements

Residential Capital, LLC

1. Description of Business, Basis of Presentation and Changes in Significant Accounting Policies

Residential Capital, LLC (ResCap, we, our, or us) is a wholly owned subsidiary of GMAC Mortgage Group, LLC (GMAC Mortgage Group) which is a wholly owned subsidiary of Ally Financial Inc. (Ally Inc.). Our operations are principally conducted through our subsidiaries Residential Funding Company, LLC (RFC) and GMAC Mortgage, LLC (GMAC Mortgage). We broker, originate, purchase, sell, securitize, and service residential mortgage loans in the United States. We broker virtually all of the loan production from our origination channels to our affiliate, Ally Bank. Virtually all of our purchases are also executed with our affiliate, Ally Bank. Purchased loans are primarily agency eligible or government insured loans. Prime credit quality loans originated in conformity with the underwriting guidelines of Fannie Mae (formerly known as Federal National Mortgage Association) and Freddie Mac (formerly known as Federal Home Loan Mortgage Corporation) are generally sold to one of these government-sponsored entities in the form of agency-sponsored securitizations. Prime credit quality loans originated in conformity with the underwriting guidelines of the Federal Housing Administration (FHA) and Department of Veterans Affairs (VA) are generally sold into securitizations guaranteed by the Government National Mortgage Association (Ginnie Mae with Fannie Mae and Freddie Mac, collectively, the GSEs).

Ally Bank has recently undertaken actions that are expected to have a material adverse impact on our financial condition, results of operations and cash flows. These include the November 2011 decision to reduce its focus on its correspondent mortgage lending channel, and the decisions in April 2012 to significantly reduce its government production, including FHA and VA loans, from its correspondent mortgage lending channel, to become a direct seller of eligible loans to Fannie Mae and Freddie Mac effective May 1, 2012, and to terminate a number of its affiliate agreements with GMAC Mortgage effective April 30, 2012. We expect the level of mortgage loan purchases from Ally Bank to decline significantly in future periods. GMAC Mortgage will continue to purchase Ginnie Mae eligible loans from Ally Bank under the terms of an amended and restated master mortgage loan purchase and sale agreement executed in April 2012 effective May 1, 2012. Refer to Note 17 - Related Party Transactions for additional information.

Our legacy business included non-conforming domestic and international residential mortgage loan originations, purchases, sales, and securitization activities; our captive mortgage reinsurance portfolio; and our domestic and international commercial lending activities. The remaining legacy portfolios, which include limited international operations in Mexico, Canada and the United Kingdom, are being run-off, with periodic asset sales, workouts, or consideration and execution of other strategic disposition transactions to maximize our return.

We did not make a \$20.1 million semi-annual interest payment that was due on April 17, 2012, related to \$473.0 million outstanding senior unsecured notes maturing in June 2013. The indenture for the senior unsecured notes provides that a failure to pay interest on an interest payment date does not become an event of default unless such failure continues for a period of 30 days. We have projected interest payments due in May 2012 of \$136.5 million, including the \$20.1 interest payment due on April 17, 2012. We also have \$2.0 billion of debt maturing in 2012, including our \$158.0 million mortgage servicing rights secured funding facility, \$131.2 million in euro-denominated notes and \$1.4 billion in secured borrowings from Ally Inc. and its subsidiaries, all of which mature in May 2012.

We have been, and expect to continue to be, negatively impacted by exposure to representation and warranty obligations, adverse outcomes with respect to current or future litigation, fines, penalties or settlements related to our business activities and additional expenses to address regulatory requirements. We currently estimate that our reasonably possible losses related to litigation matters and potential repurchase obligations and related claims could be between \$0.0 billion and \$4.0 billion in excess of amounts recorded. See Note 16 - Contingencies and Other Risks for additional information. There can be no assurance that we will have the capital or liquidity sufficient to pay any significant portion of such estimated possible losses.

We remain heavily dependent on Ally Inc. and affiliates for funding and capital support. While Ally Inc. agreed to extend the maturity date for certain of its facilities with us until May 14, 2012, there can be no assurance that they will continue any such support or that they will choose to execute any further strategic transactions with respect to us or that any transactions undertaken will be successful. Should Ally Inc. no longer continue to support our capital or liquidity needs or should we be unable to successfully execute other initiatives, it would have a material adverse effect on our business, financial condition and results of operations. Consequently, there remains substantial doubt about our ability to continue as a going concern. If we do not receive the necessary support, we are determining whether it would be in the best interests of our creditors and other stakeholders to file for protection under the federal bankruptcy laws.

All of our credit facilities and certain other agreements contain covenants that require us to maintain consolidated tangible net worth of \$250.0 million as of each month end. At December 31, 2011, we were in default of this covenant, which was subsequently cured but it is possible defaults could occur in the future due to insufficient capital or liquidity. Failure to meet this covenant is an event of default and may result in, among other things, an acceleration of the facility's maturity and/or may trigger an early

Notes to Condensed Consolidated Financial Statements

Residential Capital, LLC

amortization event, under certain facilities. There are also cross default and cross acceleration provisions in our credit facilities, our junior secured debt and certain other agreements. A default under any one of these agreements can, through cross default and cross acceleration provisions create defaults in all of our other agreements. See Note 8 - Borrowings for additional information related to our financial covenants and counterparties remedies in an event of default.

Our consolidated tangible net worth, as defined, as of March 31, 2012 was \$399.3 million in compliance with our financial covenants. Our consolidated tangible net worth, as defined, as of December 31, 2011, was \$92.4 million, which constituted an event of default under our credit facilities and certain other agreements. We obtained waivers or acknowledgment letters from each of our liquidity providers in connection with our credit facilities and counterparties to agreements with financial covenants under which they agreed not to pursue their contractual remedies with respect to the default. These waivers were predicated, in part, on a January 30, 2012 capital contribution in the amount of \$196.5 million that we received from Ally Inc. We are in compliance with any conditions with respect to these waivers and acknowledgment letters.

Consolidation and Basis of Presentation

The accompanying Condensed Consolidated Financial Statements were prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Condensed Consolidated Financial Statements include our accounts and accounts of our majority-owned subsidiaries after eliminating all significant intercompany balances and transactions and include all variable interest entities (VIEs) in which we are the primary beneficiary. See Note 4 — Securitization and Variable Interest Entities for additional information.

Our accounting and reporting policies conform to accounting principles generally accepted in the United States of America (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and that affect income and expenses during the reporting period. In developing the estimates and assumptions, management uses all available evidence, however, actual results could differ because of uncertainties associated with estimating the amounts, timing, and likelihood of possible outcomes.

The Condensed Consolidated Financial Statements at March 31, 2012 and for the three months ended March 31, 2012 and 2011, are unaudited but reflect all adjustments that are, in management's opinion, necessary for the fair presentation of the results for the interim periods presented. All such adjustments are of a normal recurring nature. These unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements (and the related notes) for the year ended December 31, 2011.

We operate our international subsidiaries in a similar manner as we operate in the United States of America (U.S. or United States), subject to local laws or other circumstances that may cause us to modify our procedures accordingly. The financial statements of subsidiaries that operate outside of the United States are measured using the local currency as the functional currency. All assets and liabilities of foreign subsidiaries are translated into U.S. dollars using the period end exchange rates. The resulting translation adjustments are recorded in accumulated other comprehensive income, a component of equity. Income and expense items are translated at average exchange rates prevailing during the reporting period.

Recently Adopted Accounting Standards

Fair Value Measurement - Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS (ASU 2011-04)

As of January 1, 2012, we adopted Accounting Standards Update (ASU) 2011-04, which amends ASC 820, *Fair Value Measurements*. The amendments in this ASU clarify how to measure fair value and it contains new disclosure requirements to provide more transparency into Level 3 fair value measurements. It is intended to improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP and IFRS. The ASU must be applied prospectively. The adoption did not have a material impact to our consolidated financial condition or results of operations.

Recently Issued Accounting Standards

Balance Sheet - Disclosures about Offsetting Assets and Liabilities (ASU 2011-11)

In December 2011, the Financial Asset Standards Board (FASB) issued ASU 2011-11, which amends ASC 210, *Balance Sheet*. This ASU contains new disclosure requirements regarding the nature of an entity's rights of setoff and related arrangements associated with its financial instruments and derivative instruments. The new disclosures will give financial statement users information about both gross and net exposures. ASU 2011-11 is effective for us on January 1, 2013, and retrospective application is required. Since the guidance relates only to disclosures, adoption is not expected to have a material effect on our consolidated financial condition or results of operations.

Notes to Condensed Consolidated Financial Statements

Residential Capital, LLC

2. Mortgage Loans Held-for-sale

The composition of residential mortgage loans held-for-sale reported at carrying value, were as follows.

(\$ in thousands)	March 31, 2012			December 31, 2011		
	Domestic (a) (b)	Foreign	Total	Domestic (a) (b)	Foreign	Total
1st Mortgage	\$3,523,013	\$35,297	\$3,558,310	\$3,497,392	\$12,011	\$3,509,403
Home equity	712,516	—	712,516	740,222	—	740,222
Total loans held-for-sale (c)	\$4,235,529	\$35,297	\$4,270,826	\$4,237,614	\$12,011	\$4,249,625

- (a) Includes mortgage loans subject to conditional repurchase options of \$2.3 billion and \$2.3 billion sold to Ginnie Mae guaranteed securitizations and \$99.3 million and \$105.8 million sold to off-balance sheet private-label securitization trusts at March 31, 2012 and December 31, 2011, respectively. The corresponding liability is recorded in other liabilities. See Note 4 — Securitizations and Variable Interest Entities for additional information.
- (b) Includes mortgage loans for which we have elected the fair value option of \$46.4 million and \$57.0 million at March 31, 2012 and December 31, 2011 respectively. See Note 13 — Fair Value for additional information.
- (c) The carrying values are net of discounts of \$320.4 million and \$313.1 million, fair value adjustments of \$(30.8) million and \$(28.0) million, lower of cost or fair value adjustments of \$56.8 million and \$60.2 million, and UPB write-downs of \$1.4 billion and \$1.5 billion at March 31, 2012 and December 31, 2011, respectively.

3. Finance Receivables and Loans, Net

The composition of finance receivables and loans, net reported at carrying value before allowance for loan losses, were as follows.

(\$ in thousands)	March 31, 2012			December 31, 2011		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Consumer						
1st Mortgage	\$128,220	\$251,423	\$379,643	\$130,024	\$256,494	\$386,518
Home equity	616,916	—	616,916	636,212	—	636,212
Total consumer (a) (b)	745,136	251,423	996,559	766,236	256,494	1,022,730
Commercial						
Commercial and industrial	—	26,232	26,232	—	23,860	23,860
Commercial real estate	—	14,913	14,913	—	14,157	14,157
Total commercial	—	41,145	41,145	—	38,017	38,017
Total finance receivables and loans	\$745,136	\$292,568	\$1,037,704	\$766,236	\$294,511	\$1,060,747

- (a) Consumer mortgages include \$832.1 million and \$835.2 million at fair value as a result of fair value option elections as of March 31, 2012 and December 31, 2011, respectively. See Note 13 — Fair Value for additional information.
- (b) The gross carrying value is net of fair value adjustments of \$1.6 billion and \$1.6 billion and UPB write-downs of \$8.8 million and \$8.0 million at March 31, 2012 and December 31, 2011, respectively.

Notes to Condensed Consolidated Financial Statements

Residential Capital, LLC

The following table presents an analysis of the activity in the allowance for loan losses on finance receivables and loans, net.

(\$ in thousands)	2012			2011		
	Consumer	Commercial	Total	Consumer	Commercial	Total
Allowance at January 1,	\$13,638	\$14,978	\$28,616	\$17,681	\$25,129	\$42,810
Provision for loan losses	(548)	(754)	(1,302)	447	5,185	5,632
Charge-offs						
Domestic	(1,123)	—	(1,123)	(2,212)	—	(2,212)
Foreign	116	1,327	1,443	(218)	(14,579)	(14,777)
Total charge-offs	(1,007)	1,327	320	(2,430)	(14,579)	(17,009)
Recoveries						
Domestic	100	195	295	1,263	937	2,200
Foreign	—	859	859	—	781	781
Total recoveries	100	1,054	1,154	1,263	1,718	2,981
Net charge-offs	(907)	2,381	1,474	(1,167)	(12,861)	(14,928)
Allowance at March 31,	\$12,183	\$16,605	\$28,788	\$16,961	\$17,453	\$34,414
Allowance for loan losses						
Individually evaluated for	\$2,910	\$16,605	\$19,515	\$3,838	\$16,137	\$19,975
Collectively evaluated for	\$9,273	\$—	\$9,273	\$13,123	\$1,316	\$14,439
Finance receivables and loans						
Individually evaluated for	\$8,018	\$41,145	\$49,163	\$7,818	\$88,972	\$96,790
Collectively evaluated for impairment	\$156,447	\$—	\$156,447	\$232,724	\$3,279	\$236,003

The following table presents an analysis of our past due finance receivables and loans at gross carrying value.

(\$ in thousands)	30-59 days past due	60-89 days past due	90 days or more past due	Total past due	Current	Total
	30-59 days past due	60-89 days past due	90 days or more past due			
March 31, 2012						
Consumer mortgage						
1st Mortgage	\$30,346	\$13,857	\$170,051	\$214,254	\$165,389	\$379,643
Home equity	11,122	5,208	10,813	27,143	589,773	616,916
Total consumer	41,468	19,065	180,864	241,397	755,162	996,559
Commercial						
Commercial and industrial	25,881	—	351	26,232	—	26,232
Commercial real estate	—	—	14,913	14,913	—	14,913
Total commercial	25,881	—	15,264	41,145	—	41,145
Total	\$67,349	\$19,065	\$196,128	\$282,542	\$755,162	\$1,037,704
December 31, 2011						
Consumer mortgage						
1st Mortgage	\$29,730	\$14,664	\$158,255	\$202,649	\$183,869	\$386,518
Home equity	13,064	6,488	11,850	31,402	604,810	636,212
Total consumer	42,794	21,152	170,105	234,051	788,679	1,022,730
Commercial						
Commercial and industrial	—	—	322	322	23,538	23,860
Commercial real estate	—	1,736	12,212	13,948	209	14,157
Total commercial	—	1,736	12,534	14,270	23,747	38,017
Total	\$42,794	\$22,888	\$182,639	\$248,321	\$812,426	\$1,060,747

Notes to Condensed Consolidated Financial Statements

Residential Capital, LLC

The following table presents the gross carrying value of our finance receivables and loans in nonaccrual status.

(\$ in thousands)	March 31, 2012	December 31, 2011
Consumer mortgage		
1st Mortgage	\$193,981	\$199,702
Home equity	30,329	36,651
Total consumer	224,310	236,353
Commercial		
Commercial and industrial	26,232	322
Commercial real estate	14,913	12,212
Total commercial	41,145	12,534
Total	\$265,455	\$248,887

Management performs a quarterly analysis of its consumer and commercial finance receivable and loan portfolios using a range of credit quality indicators to assess the adequacy of the allowance based on historical and current trends. Based on our allowance methodology, our credit quality indicators for consumer mortgage loans are performing and nonperforming and for commercial mortgage finance receivables and loans are pass and criticized.

The following table presents the credit quality indicators for our consumer mortgage loan portfolio at gross carrying value.

(\$ in thousands)	March 31, 2012			December 31, 2011		
	Performing	Nonperforming	Total	Performing	Nonperforming	Total
Consumer mortgage						
1st Mortgage	\$185,662	\$193,981	\$379,643	\$186,816	\$199,702	\$386,518
Home equity	586,587	30,329	616,916	599,561	36,651	636,212
Total consumer mortgage	\$772,249	\$224,310	\$996,559	\$786,377	\$236,353	\$1,022,730

The following table presents the credit quality indicators for our commercial finance receivable and loan portfolio at gross carrying value.

(\$ in thousands)	March 31, 2012			December 31, 2011		
	Pass	Criticized (a)	Total	Pass	Criticized (a)	Total
Commercial						
Commercial and industrial	\$—	\$26,232	\$26,232	\$—	\$23,860	\$23,860
Commercial real estate	—	14,913	14,913	209	13,948	14,157
Total commercial	\$—	\$41,145	\$41,145	\$209	\$37,808	\$38,017

(a) Includes loans classified as special mention, substandard, or doubtful. These classifications are based on regulatory definitions and generally represent loans in our portfolio that are of higher default risk.

Notes to Condensed Consolidated Financial Statements

Residential Capital, LLC

Impaired Loans and Troubled Debt Restructurings

Impaired Loans

Loans are considered impaired when we determine it is probable that we will be unable to collect all amounts due according to the terms of the loan agreement or if the loan has been modified under a troubled debt restructuring.

The following table presents information about our impaired finance receivables and loans recorded at historical cost.

(<i>\$ in thousands</i>)	Unpaid principal balance (a)	Carrying value before allowance	Impaired with no allowance	Impaired with an allowance	Allowance for impaired loans
March 31, 2012					
Consumer mortgage					
1st Mortgage	\$409	\$409	\$—	\$409	\$103
Home equity	7,609	7,609	160	7,450	2,807
Total consumer	8,018	8,018	160	7,859	2,910
Commercial					
Commercial and industrial	26,232	26,232	—	26,232	11,485
Commercial real estate	14,973	14,913	1,591	13,322	5,120
Total commercial	41,205	41,145	1,591	39,554	16,605
Total	\$49,223	\$49,163	\$1,751	\$47,413	\$19,515
December 31, 2011					
Consumer mortgage					
1st Mortgage	\$436	\$436	\$—	\$436	\$109
Home equity	7,619	7,619	173	7,446	2,926
Total consumer	8,055	8,055	173	7,882	3,035
Commercial					
Commercial and industrial	322	322	—	322	202
Commercial real estate	12,271	12,212	1,442	10,770	4,592
Total commercial	12,593	12,534	1,442	11,092	4,794
Total	\$20,648	\$20,589	\$1,615	\$18,974	\$7,829

(a) Unpaid principal balance represents the contractual principal balance adjusted for UPB write-downs on transfers or charge offs in accordance with our policy.

The following table presents information about our impaired finance receivables and loans excluding loans carried at fair value due to fair value option elections.

(Three months ended March 31, (\$ in thousands))	2012			2011		
	Consumer	Commercial	Total	Consumer	Commercial	Total
Average balance of impaired loans	\$7,999	\$21,855	\$29,854	\$7,395	\$102,497	\$109,892
Interest income recognized on impaired loans	\$95	\$8	\$103	\$90	\$5,574	\$5,664

At March 31, 2012 and December 31, 2011, there were no commercial commitments to lend additional funds to debtors owing receivables whose terms have been modified in a troubled debt restructuring.

Troubled Debt Restructurings

As part of our loss mitigation efforts and participation in certain governmental programs (e.g., the Making Home Affordable Program), we may offer loan modifications to borrowers experiencing financial difficulties (TDRs). Loan modifications can include any or all of the following: principal forgiveness, maturity extensions, delinquent interest capitalization, and changes to contractual interest rates. Modifications can be either temporary or permanent. Temporary loan modifications are generally used to monitor the borrower's ability to perform under the revised terms over a specified trial period; if the borrower performs, it may become a permanent loan modification. Total TDRs recorded at historical cost and reported at gross carrying value are \$35.8 million and \$33.6 million at March 31, 2012 and December 31, 2011, respectively.

Notes to Condensed Consolidated Financial Statements

Residential Capital, LLC

The following table presents information related to finance receivables and loans recorded at historical cost modified in connection with a troubled debt restructuring during the period.

Three months ended March 31, 2012 (\$ in thousands)	Number of Loans	Pre-modification gross carrying value	Post-modification gross carrying value
Consumer mortgage			
1st Mortgage	—	\$—	\$—
Home equity	11	507	504
Total consumer mortgage	11	\$507	\$504

The following table presents information related to finance receivables and loans recorded at gross carrying value that redefaulted (180 days or more delinquent) on or before the one year anniversary of being modified. The charge-off amount is determined in accordance with our charge-off policy.

Three months ended March 31, 2012 (\$ in thousands)	Number of Loans	Gross carrying value	Charge-off amount
Consumer mortgage			
1st Mortgage	—	\$—	\$—
Home equity	1	10	10
Total consumer mortgage	1	\$10	\$10

4. Securitizations and Variable Interest Entities

Overview

We are involved in several types of securitization and financing transactions that utilize special-purpose entities (SPEs). A SPE is an entity that is designed to fulfill a specified limited need of the sponsor. Our principal use of SPEs is to obtain liquidity by securitizing certain of our financial assets.

The SPEs involved in securitization and other financing transactions are generally considered variable interest entities (VIEs). VIEs are entities that have either a total equity investment that is insufficient to permit the entity to finance its activities without additional subordinated financial support or whose equity investors lack the ability to control the entity's activities.

Securitizations

We provide a wide range of consumer mortgage loan products to a diverse customer base. We often securitize these loans through the use of securitization entities, which may or may not be consolidated on our Condensed Consolidated Balance Sheet. We securitize consumer mortgage loans through either the GSEs or private-label (nonagency) securitizations. For the periods presented, our consumer mortgage loans were securitized through the GSEs.

In executing a securitization transaction, we sell pools of financial assets to a wholly owned, bankruptcy-remote SPE, which then transfers the financial assets to a separate, transaction-specific securitization entity for cash, servicing rights, and in some transactions, other retained interests. The securitization entity is funded through the issuance of beneficial interests in the securitized financial assets. The beneficial interests take the form of either notes or trust certificates that are sold to investors and/or retained by us. These beneficial interests are collateralized by the transferred loans and entitle the investors to specified cash flows generated from the securitized loans. In the aggregate, these beneficial interests have the same average life as the transferred financial assets. In addition to providing a source of liquidity and cost-efficient funding, securitizing these financial assets also reduces our credit exposure to the borrowers beyond any economic interest we may retain. We securitize conforming residential mortgage loans through GSE securitizations and we historically securitized nonconforming mortgage loans through private-label securitizations.

Each securitization is governed by various legal documents that limit and specify the activities of the securitization entity. The securitization entity is generally allowed to acquire the loans, to issue beneficial interests to investors to fund the acquisition of the loans, and to enter into derivatives or other yield maintenance contracts (e.g., coverage by monoline bond insurers) to hedge or mitigate certain risks related to the financial assets or beneficial interests of the entity. A servicer, who is generally us, is appointed pursuant to the underlying legal documents to service the assets the securitization entity holds and the beneficial interests it issues. Servicing functions include, but are not limited to, making certain payments of property taxes and insurance premiums, default and property maintenance payments, as well as advancing principal and interest payments before collecting them from individual

Notes to Condensed Consolidated Financial Statements

Residential Capital, LLC

borrowers. Our servicing responsibilities, which constitute continued involvement in the transferred financial assets, consist of primary servicing (i.e., servicing the underlying transferred financial assets) and/or master servicing (i.e., servicing the beneficial interests that result from the securitization transactions). Certain securitization entities also require the servicer to advance scheduled principal and interest payments due on the beneficial interests issued by the entity regardless of whether cash payments are received on the underlying transferred financial assets. Accordingly, we are required to provide these servicing advances when applicable. See Note 5 — Servicing Activities for additional information regarding our servicing rights.

The GSEs provide a guarantee of the payment of principal and interest on the beneficial interests issued in securitizations. In private-label securitizations, cash flows from the assets initially transferred into the securitization entity represent the sole source for payment of distributions on the beneficial interests issued by the securitization entity and for payments to the parties that perform services for the securitization entity, such as the servicer or the trustee. In certain private-label securitization transactions, a liquidity facility may exist to provide temporary liquidity to the entity. The liquidity provider generally is reimbursed prior to other parties in subsequent distribution periods. Monoline insurance may also exist to cover certain shortfalls to certain investors in the beneficial interests issued by the securitization entity. As noted above, in certain private-label securitizations, the servicer is required to advance scheduled principal and interest payments due on the beneficial interests regardless of whether cash payments are received on the underlying transferred financial assets. The servicer is allowed to reimburse itself for these servicing advances. Additionally, certain private-label securitization transactions may allow for the acquisition of additional loans subsequent to the initial loan transfer. Principal collections on other loans and/or the issuance of new beneficial interests, such as variable funding notes, generally fund these loans; we are often contractually required to invest in these new interests.

We may retain beneficial interests in our private-label securitizations, which may represent a form of significant continuing economic interest. These retained interests include, but are not limited to, senior or subordinate mortgage- or asset-backed securities, interest-only strips, principal-only strips, and residuals. Certain of these retained interests provide credit enhancement to the trust as they may absorb credit losses or other cash shortfalls. Additionally, the securitization agreements may require cash flows to be directed away from certain of our retained interests due to specific over-collateralization requirements, which may or may not be performance-driven.

We generally hold certain conditional repurchase options that allow us to repurchase assets from the securitization entity. The majority of the securitizations provide us, as servicer, with a call option that allows us to repurchase the remaining transferred financial assets or outstanding beneficial interests at our discretion once the asset pool reaches a predefined level, which represents the point where servicing becomes burdensome (a clean-up call option). The repurchase price is typically the par amount of the loans plus accrued interest. Additionally, we may hold other conditional repurchase options that allow us to repurchase a transferred financial asset if certain events outside our control are met. The typical conditional repurchase option is a delinquent loan repurchase option that gives us the option to purchase the loan if it exceeds a certain prespecified delinquency level. We have discretion regarding when or if we will exercise these options, but generally, we would do so only when it is in our best interest.

Other than our customary representation and warranty obligations, these securitizations are nonrecourse to us, thereby transferring the risk of future credit losses to the extent the beneficial interests in the securitization entities are held by third parties. Representation and warranty provisions generally require us to repurchase loans or indemnify the investor or other party for incurred losses to the extent it is determined that the loans were ineligible or were otherwise defective at the time of sale. See Note 16 — Contingencies and Other Risks for detail on representation and warranty provisions. We did not provide any noncontractual financial support to any of these entities during the three months ended March 31, 2012 and 2011.

Other Variable Interest Entities

Servicer Advance Funding Entity — To assist in the financing of our servicer advance receivables, we formed a SPE that issues term notes and variable funding notes to third-party investors that are collateralized by servicer advance receivables. These servicer advance receivables are transferred to the SPE and consist of delinquent principal and interest advances we made as servicer to various investors; property taxes and insurance premiums advanced to taxing authorities and insurance companies on behalf of borrowers; and amounts advanced for mortgages in foreclosure. The SPE funds the purchase of the receivables through financing obtained from the third-party investors and subordinated loans or an equity contribution from us. This SPE is consolidated on our balance sheet at March 31, 2012 and December 31, 2011. The beneficial interest holder of this SPE does not have legal recourse to our general credit. We do not have a contractual obligation to provide any type of financial support in the future, nor have we provided noncontractual financial support to the entity during the three months ended March 31, 2012 and 2011.

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Residential Capital, LLC

Home Equity Funding Entity — To assist in the financing of certain of our home equity mortgage loans, we formed a SPE that issued variable funding notes to third-party investors that are collateralized by home equity loans and revolving lines of credit. This SPE is consolidated on our balance sheet at March 31, 2012 and December 31, 2011. The beneficial interest holder of this VIE does not have legal recourse to our general credit. We do not have a contractual obligation to provide any type of financial support in the future, nor have we provided noncontractual financial support to the entity during the three months ended March 31, 2012 and 2011.

Other — We have involvement with other immaterial on-balance sheet VIEs. Most of these VIEs are used for additional liquidity whereby we sell certain financial assets to the VIE and issue beneficial interests to third parties for cash.

Involvement with Variable Interest Entities

The determination of whether financial assets transferred by us to VIEs (and related liabilities) are consolidated on our balance sheet (also referred to as on-balance sheet) or not consolidated on our balance sheet (also referred to as off-balance sheet) depends on the terms of the related transaction and our continuing involvement (if any) with the SPE. We are deemed the primary beneficiary and, therefore, consolidate VIEs for which we have both (a) the power through voting rights or similar rights to direct the activities that most significantly impact the VIE's economic performance, and (b) a variable interest (or variable interests) that (i) obligates us to absorb losses that could potentially be significant to the VIE and/or (ii) provides us the right to receive residual returns of the VIE that could potentially be significant to the VIE. We determine whether we hold a significant variable interest in a VIE based on a consideration of both qualitative and quantitative factors regarding the nature, size, and form of our involvement with the VIE. We assess whether we are the primary beneficiary of a VIE on an ongoing basis.

Our involvement with consolidated and nonconsolidated VIEs in which we hold a variable interest as of March 31, 2012 and December 31, 2011, is presented below.

(\$ in thousands)	Consolidated involvement with VIEs	Assets of nonconsolidated VIEs, net (a)	Maximum exposure to loss in nonconsolidated VIEs (b)
March 31, 2012			
On-balance sheet variable interest entities			
Private-label securitizations	\$933,317	\$—	\$—
Servicer Advance Funding	960,480	—	—
Home Equity Funding	150,607	—	—
Other	2,478	—	—
Off-balance sheet variable interest entities			
Ginnie Mae securitizations	2,664,512 (c)	43,317,031	43,317,031
Private-label securitizations	132,455 (d)	4,193,506	4,193,506
Total	\$4,843,849	\$47,510,537	\$47,510,537
December 31, 2011			
On-balance sheet variable interest entities			
Private-label securitizations	\$939,159	\$—	\$—
Servicer Advance Funding	955,823	—	—
Home Equity Funding	156,423	—	—
Other	2,541	—	—
Off-balance sheet variable interest entities			
Ginnie Mae securitizations	2,651,939 (c)	44,126,607	44,126,607
Private-label securitizations	140,709 (d)	4,408,206	4,408,206
Total	\$4,846,594	\$48,534,813	\$48,534,813

- (a) Asset values represent the current UPB of outstanding consumer mortgage loans within the VIEs.
- (b) Maximum exposure to loss represents the current UPB of outstanding consumer mortgage loans based on our customary representation and warranty provisions. This measure is based on the unlikely event that all of the loans have underwriting defects or other defects that trigger a representation and warranty provision and the collateral supporting the loans are worthless. This required disclosure is not an indication of our expected loss.
- (c) Includes \$411.2 million and \$377.8 million classified as mortgage servicing rights and \$2.3 billion and \$2.3 billion of mortgage loans held-for-sale that are subject to conditional repurchase options at March 31, 2012 and December 31, 2011, respectively. The corresponding liability related to conditional repurchase option loans is recorded in other liabilities.
- (d) Includes \$25.3 million and \$26.5 million classified as other assets, \$7.8 million and \$8.4 million classified as mortgage servicing rights and \$99.3 million and \$105.8 million of mortgage loans held-for-sale that are subject to conditional repurchase options at March 31, 2012 and December 31, 2011, respectively. The corresponding liability related to conditional repurchase option loans is recorded in other liabilities.

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Residential Capital, LLC

On-balance Sheet Variable Interest Entities

We engage in securitization and other financing transactions that do not qualify for off-balance sheet treatment. In these situations, we hold beneficial interests or other interests in the VIE, which represents a form of significant continuing economic interest. The interests held include, but are not limited to, senior or subordinate mortgage—or asset-backed securities, interest-only strips, principal-only strips, residuals, and servicing rights. Certain of these retained interests provide credit enhancement to the securitization entity as they may absorb credit losses or other cash shortfalls. Additionally, the securitization documents may require cash flows to be directed away from certain of our retained interests due to specific over-collateralization requirements, which may or may not be performance-driven. Because these securitization entities are consolidated, these retained interests and servicing rights are not recognized as separate assets on our Condensed Consolidated Balance Sheet.

We consolidate certain of these entities because we have a controlling financial interest in the VIE, primarily due to our servicing activities, and because we hold a significant variable interest in the VIE. We are the primary beneficiary of certain private-label securitization entities for which we perform servicing activities and have retained a significant variable interest in the form of a beneficial interest. In cases where we did not meet sale accounting under previous guidance, unless we have made modifications to the overall transaction, we do not meet sale accounting under current guidance as we are not permitted to revisit sale accounting guidelines under the current guidance. In cases where substantive modifications are made, we then reassess the transaction under the amended guidance based on the new circumstances.

Consolidated VIEs represent separate entities with which we are involved. The third-party investors in the obligations of consolidated VIEs have legal recourse only to the assets of the VIEs and do not have recourse to us, except for customary representation and warranty provisions or situations where we are the counterparty to certain derivative transactions involving the VIE. Cash flows from the assets are restricted only to pay such liabilities. Thus, our economic exposure to loss from outstanding third-party financing related to consolidated VIEs is significantly less than the carrying value of the consolidated VIE assets. All assets are restricted for the benefit of the beneficial interest holders. See Note 13 — Fair Value for discussion of the assets and liabilities for which the fair value option has been elected.

Off-balance Sheet Variable Interest Entities

The nature, purpose, and activities of nonconsolidated securitization entities are similar to those of our consolidated securitization entities with the primary difference being the nature and extent of our continuing involvement. The cash flows from the assets of nonconsolidated securitization entities generally are the sole source of payment on the securitization entities' liabilities. The creditors of these securitization entities have no recourse to us with the exception of market customary representation and warranty provisions as described in Note 16 — Contingencies and Other Risks.

Nonconsolidated VIEs include entities for which we either do not hold significant variable interests or do not provide servicing or asset management functions for the financial assets held by the securitization entity. Additionally, to qualify for off-balance sheet treatment, transfers of financial assets must meet sale accounting conditions in ASC 860. Our residential mortgage loan securitizations consist of GSE and private-label securitizations. We are not the primary beneficiary of any GSE loan securitization transaction because we do not have the power to direct the significant activities of such entities. Additionally, we do not consolidate certain private-label securitizations because we do not have a variable interest that could potentially be significant or we do not have power to direct the activities that most significantly impact the performance of the VIE.

For nonconsolidated securitization entities, the transferred financial assets are removed from our balance sheet provided the conditions for sale accounting are met. The financial assets obtained from the securitization are primarily reported as cash, servicing rights, or retained interests (if applicable). As an accounting policy election, we elected fair value treatment for our MSR portfolio. Liabilities incurred as part of these securitization transactions, such as representation and warranty provisions, are recorded at fair value at the time of sale and are reported as other liabilities on our Condensed Consolidated Balance Sheet. Upon the sale of the loans, we recognize a gain or loss on sale for the difference between the assets recognized, the assets derecognized, and the liabilities recognized as part of the transaction.

The following summarizes the pretax gains and losses recognized on financial assets sold into nonconsolidated securitization and similar asset-backed financing entities.

Three months ended March 31, (\$ in thousands)	2012	2011
Consumer mortgage — GSEs	\$251,693	(\$61,504)
Total pretax gain (loss)	\$251,693	(\$61,504)

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The following table summarizes cash flows received from and paid to securitization entities that are accounted for as a sale and in which we have a continuing involvement with the transferred assets (e.g., servicing) that were outstanding during the three months ended March 31, 2012 and 2011. This table contains information regarding cash flows received from and paid to nonconsolidated securitization entities that existed during each period.

<i>Three months ended March 31, (\$ in thousands)</i>	Consumer mortgage	
	GSEs	Private-Label
2012		
Cash proceeds from transfers completed during the period	\$10,645,441	\$—
Cash flows received on retained interests in securitization entities	—	3,747
Servicing fees	117,166	43,182
Purchases of previously transferred financial assets		
Representation and warranty obligations	(19,005)	(4,038)
Other repurchases	(579,948)	(7,517) (a)
Other cash flows	8,596	23,100
Total net cash flows	\$10,172,250	\$58,474
2011		
Cash proceeds from transfers completed during the period	\$15,153,060	\$—
Cash flows received on retained interests in securitization entities	—	5,254
Servicing fees	103,041	41,720
Purchases of previously transferred financial assets		
Representation and warranty obligations	(43,582)	(14)
Other repurchases	(554,409)	
Other cash flows	67,929	62,014
Total net cash flows	\$14,726,039	\$108,974

(a) Includes repurchases in connection with clean up call options.

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The following table represents on-balance sheet mortgage loans held-for-sale and consumer finance receivable and loans, off-balance sheet securitizations, and whole-loan sales where we have continuing involvement. The table presents information about delinquencies and net credit losses. See Note 5 — Servicing Activities for further detail on total serviced assets.

(\$ in thousands)	Total UPB		Amount 60 days or more past due		Net credit losses (recoveries)	
					Three months ended March 31,	
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011	2012	2011
On-balance sheet loans						
Consumer mortgage held-for-sale	\$4,678,850 (a)	\$4,650,917 (a)	\$3,004,991 (a)	\$3,049,234 (a)	\$2,374	\$7,205 (b)
Consumer mortgage finance receivables and loans	2,550,117	2,623,763	440,072	422,017	26,454	37,634
Total on-balance sheet loans	7,228,967	7,274,680	3,445,063	3,471,251	28,828	44,839
Off-balance sheet securitization entities						
Consumer mortgage — GSEs (c)	124,446,063	131,751,844	7,155,304	7,675,811	n/m (c)	n/m (c)
Consumer mortgage — nonagency	58,555,428	60,768,935	11,027,854	11,232,126	749,429	1,288,842
Total off-balance sheet securitization entities	183,001,491	192,520,779	18,183,158	18,907,937	749,429	1,288,842
Whole-loan transactions (d)	16,628,200	17,516,446	2,080,368	2,209,088	133,919	188,971
Total	\$206,858,658	\$217,311,905	\$23,708,589	\$24,588,276	\$912,176	\$1,522,632

n/m = not meaningful

- (a) Includes loans subject to conditional repurchase options of \$2.3 billion and \$2.3 billion guaranteed by Ginnie Mae, and \$128.9 million and \$131.8 million sold to certain nonagency mortgage securitization entities at March 31, 2012 and December 31, 2011, respectively. The corresponding liability is recorded in other liabilities.
- (b) We determined the amount previously disclosed related to net credit losses for the three months ended March 31, 2011, were misstated. Previously disclosed net credit losses were \$37.3 million for on-balance sheet mortgage loans held for sale. These amounts were corrected in the presentation above. The misstatement had no impact on our consolidated financial conditions or results of operations.
- (c) Anticipated credit losses are not meaningful due to the GSEs guarantees.
- (d) Whole-loan transactions are not part of a securitization transaction, but represent pools of consumer mortgage loans sold to investors.

5. Servicing Activities

Mortgage Servicing Rights

The following table summarizes our activity related to MSRs. Although there are limited market transactions that are directly observable, management estimates fair value based on the price it believes would be received to sell the MSR asset in an orderly transaction under current market conditions.

(\$ in thousands)	2012	2011
Estimated fair value at January 1,	\$1,233,107	\$1,991,586
Additions recognized on sale of mortgage loans	10,573	18,370
Subtractions from sales of servicing assets	—	(139)
Changes in fair value		
Due to changes in valuation inputs or assumptions used in the valuation model	86,900	120,806
Other changes in fair value	(76,083)	(84,318)
Estimated fair value at March 31,	\$1,254,497	\$2,046,305

Changes in fair value due to changes in valuation inputs or assumptions used in the valuation models include all changes due to a revaluation by a model or by a benchmarking exercise. Other changes in fair value primarily include the accretion of the present

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value of the discount related to forecasted cash flows and the economic run-off of the portfolio.

The key economic assumptions and the sensitivity of the fair value of MSRs to immediate 10% and 20% adverse changes in those assumptions were as follows.

(\$ in thousands)	March 31, 2012	December 31, 2011
Weighted average life (in years)	4.7	4.3
Weighted average prepayment speed	15.1%	18.0%
Impact on fair value of 10% adverse change	\$(111,808)	\$(71,223)
Impact on fair value of 20% adverse change	(211,799)	(135,292)
Weighted average discount rate	10.8%	9.5%
Impact on fair value of 10% adverse change	\$(24,107)	\$(25,396)
Impact on fair value of 20% adverse change	(46,384)	(48,913)

These sensitivities are hypothetical and should be considered with caution. Changes in fair value based on a 10% and 20% variation in assumptions generally cannot be extrapolated because the relationship of the change in assumptions to the change in fair value may not be linear. Also, the effect of a variation in a particular assumption on the fair value is calculated without changing any other assumption. In reality, changes in one factor may result in changes in another (e.g., increased market interest rates may result in lower prepayments and increased credit losses) that could magnify or counteract the sensitivities. Further, these sensitivities show only the change in the asset balances and do not show any expected change in the fair value of the instruments used to manage the interest rate and prepayment risks associated with these assets. Refer to Note 1—Description of Business and Significant Accounting Policies, in our 2011 Annual Report for additional information regarding our significant assumptions and valuation techniques used in the valuation of mortgage servicing rights.

Risk-mitigation Activities

The primary economic risk related to our MSR is interest rate risk and the resulting impact on prepayment speeds. A significant decline in interest rates could lead to higher than expected prepayments that could reduce the value of the MSRs. We economically hedge the impact of this risk with both derivative and nonderivative financial instruments. These instruments include interest rate swaps, caps and floors, options to purchase these items, futures and forward contracts, constant monthly maturity (index trades), synthetic interest only and principal only securities and/or to-be-announced (TBAs) securities. The net fair value of derivative financial instruments used to mitigate this risk was \$(339.5) million and \$(199.8) million at March 31, 2012 and December 31, 2011, respectively. See Note 14—Derivative Instruments and Hedging Activities for additional information.

The components of servicing valuation and hedge activities, net, were as follows.

Three months ended March 31, (\$ in thousands)	2012	2011
Change in estimated fair value of mortgage servicing rights	\$10,817	\$36,488
Change in fair value of derivative financial instruments	104,499	12,423
Servicing valuation and hedge activities, net	\$115,316	\$48,911

Mortgage Servicing Fees

The components of servicing fees were as follows.

Three months ended March 31, (\$ in thousands)	2012	2011
Contractual servicing fees (net of guarantee fees and including sub-servicing)	\$140,375	\$167,384
Late fees	16,806	18,991
Ancillary fees	31,760	31,289
Total	\$188,941	\$217,664

Notes to Condensed Consolidated Financial Statements

Residential Capital, LLC

Mortgage Servicer Advances

In connection with our primary servicing activities (i.e., servicing of mortgage loans), we make certain payments for property taxes and insurance premiums, default and property maintenance payments, as well as advances of principal and interest payments before collecting them from individual borrowers. Servicer advances, including contractual interest are priority cash flows in the event of a loan principal reduction or foreclosure and ultimate liquidation of the real estate owned property, thus making their collection reasonably assured. These servicer advances are included in accounts receivable and totaled \$1.8 billion and \$1.8 billion at March 31, 2012 and December 31, 2011, respectively. We maintain an allowance for uncollectible primary servicer advances, which totaled \$42.5 million and \$42.5 million at March 31, 2012 and December 31, 2011, respectively. Our potential advance obligation is influenced by a borrower's performance and credit quality.

We advance funds for various activities related to the foreclosure process principally related to attorney fees and costs, appraisals, escrow, insurance and property preservation, in the event we, or the investor, determine foreclosure is the most appropriate loss mitigation strategy. In the current environment, many states and local jurisdictions are requiring us to alter our processes in connection with foreclosures and in some circumstances this can result in restarting the foreclosure process entirely or repeating certain of the required steps (foreclosure restarts). To the extent we restart the process, in whole or in part, we will not be reimbursed for advances in connection with the original activities. The circumstances and extent of any foreclosure restart are specific and unique to each state and/or local jurisdiction. At March 31, 2012, we had an allowance for uncollectible advances in connection with estimated foreclosure restarts of \$10.4 million.

At March 31, 2012 and December 31, 2011 we had an allowance for uncollectible primary servicer advances of \$7.5 million, respectively, related to expected loan modification activities. See Note 16 — Contingencies and Other Risks for additional information. To the extent amounts had been advanced for loans that are expected to be modified in connection with our Settlement, these amounts will not be collected. The amount of this allowance is management's best estimate given the anticipated modification activity.

When we act as a subservicer of mortgage loans we perform the responsibilities of a primary servicer but do not own the corresponding primary servicing rights. We receive a fee from the primary servicer for such services. As the subservicer, we would have the same responsibilities of a primary servicer in that we would make certain payments of property taxes and insurance premiums, default and property maintenance, as well as advances of principal and interest payments before collecting them from individual borrowers. As of March 31, 2012 and December 31, 2011, outstanding servicer advances related to subserviced loans were \$127.1 million and \$124.9 million and we had a reserve for uncollectible subservicer advances of \$1.0 million and \$1.1 million, respectively.

In many cases where we act as master servicer we also act as primary servicer. In connection with our master servicing activities, we service the mortgage-backed and mortgage-related asset-backed securities and whole-loan packages sold to investors. As the master servicer, we collect mortgage loan payments from primary servicers and distribute those funds to investors in mortgage-backed and asset-backed securities and whole-loan packages. As the master servicer, we are required to advance scheduled payments to the securitization trust or whole-loan investors. To the extent the primary servicer does not advance the payments, we are responsible for advancing the payment to the trust or whole-loan investors. Master servicer advances, including contractual interest, are priority cash flows in the event of a default, thus making their collection reasonably assured. In most cases, we are required to advance these payments to the point of liquidation of the loan or reimbursement of the trust or whole loan investors. We had outstanding master servicer advances of \$189.9 million and \$158.2 million as of March 31, 2012 and December 31, 2011, respectively. We had no reserve for uncollectible master servicer advances at March 31, 2012 and December 31, 2011.

Notes to Condensed Consolidated Financial Statements

Residential Capital, LLC

Serviced Mortgage Assets

In many cases, we act as both the primary and master servicer. However, in certain cases, we also service loans that have been purchased and subsequently sold through a securitization trust or whole-loan sale whereby the originator retained the primary servicing rights and we retained the master servicing rights.

The unpaid principal balance of total serviced mortgage assets was as follows.

(\$ in millions)	March 31, 2012	December 31, 2011
On-balance sheet mortgage loans (a)		
Held-for-sale and investment	\$7,018	\$6,828
Off-balance sheet mortgage loans		
Loans held by third-party investors		
Consumer mortgage private-label	48,514	50,886
Consumer mortgage agency	124,339	131,635
Consumer mortgage whole-loan portfolios	14,484	15,104
Purchased servicing rights (b)	3,089	3,247
Total primary serviced mortgage loans	197,444	207,700
Subserviced mortgage loans (c)	169,223	169,531
Master servicing only mortgage loans	8,225	8,557
Total serviced mortgage loans	\$374,892	\$385,788

(a) Includes on-balance sheet securitization consumer finance receivables and loans. See Note 3 — Finance Receivables and Loans, net, for additional information.

(b) There is no recourse to us outside of customary contractual provisions relating to the execution of the services we provide.

(c) Includes loans where we act as a subservicer under contractual agreements with the primary servicer. As subservicer, there is no recourse to us outside of customary contractual provisions relating to the execution of the services we provide, except for loans subserviced on behalf of Ally Bank. See Note 17 — Related Party Transactions for additional information.

The following table sets forth information concerning the delinquency experience in our domestic consumer mortgage loan primary servicing portfolio, including pending foreclosures.

(\$ in millions)	March 31, 2012	December 31, 2011		
	Number of loans	Unpaid principal balance	Number of loans	Unpaid principal balance
Total U.S. mortgage loans primary serviced	1,517,358	\$197,171	1,587,113	\$207,380
Period of delinquency				
30 to 59 days	53,549	\$7,559	67,239	\$9,289
60 to 89 days	19,427	3,024	25,138	3,695
90 days or more	25,521	4,310	27,570	4,467
Foreclosures pending	67,843	12,947	68,166	13,018
Bankruptcies	33,807	4,758	34,956	4,869
Total delinquent loans	200,147	\$32,598	223,069	\$35,338
Percent of U.S. mortgage loans primary serviced	13.2%	16.5%	14.1%	17.0%

Certain of our subsidiaries which conduct our primary and master servicing activities are required to maintain certain servicer ratings in accordance with master agreements entered into with a GSE. At March 31, 2012, we are in compliance with the servicer rating requirements of the master agreements.

We are also required to maintain consolidated tangible net worth, as defined, of \$250.0 million, under our agreements with a GSE. In the event of default, the GSE could require posting collateral in an amount based on repurchase demands outstanding plus recourse obligations; termination or suspension of our selling and servicing contract; require additional or more frequent financial and operational reporting; limit early funding programs or trading desk transactions; accelerate rebuttal time periods for outstanding repurchase demands; or take other actions permitted by law. Should we or our subsidiaries fail to remain in compliance with these requirements and as a result should our mortgage selling and servicing contract be terminated, cross default provisions within certain credit and bilateral facilities could be triggered. At March 31, 2012, we had consolidated tangible net worth of \$399.3 million in compliance with our contractual covenant.

At March 31, 2012, domestic insured private-label securitizations with an unpaid principal balance of \$5.4 billion contain provisions entitling the monolistic or other provider of contractual credit support (surety providers) to declare a servicer default and

Notes to Condensed Consolidated Financial Statements

Residential Capital, LLC

terminate the servicer upon the failure of the loans to meet certain portfolio delinquency and/or cumulative loss thresholds. Securitizations with an unpaid principal balance of \$4.8 billion had breached a delinquency and/or cumulative loss threshold. While we continue to service these loans and receive service fee income with respect to these securitizations, the value of the related MSR is zero at March 31, 2012. Securitizations with an unpaid principal balance of \$574.0 million have not yet breached a delinquency or cumulative loss threshold. The value of the related MSR is \$4.0 million at March 31, 2012.

6. Accounts Receivable, Net

(\$ in thousands)	March 31, 2012	December 31, 2011
Servicer advances, net (a)	\$2,050,651	\$2,045,446
Loan insurance guarantee receivable, net (b)	874,985	745,396
Servicing fees receivable	87,402	87,208
Due from brokers for derivative trades	54,294	94,024
Accrued interest receivable	36,883	37,962
Other	53,041	41,712
Total accounts receivable, net	\$3,157,256	\$3,051,748

(a) The allowance for uncollectible servicer advances was \$43.5 million and \$43.7 million at March 31, 2012 and December 31, 2011, respectively.
 (b) Represents mortgage loans in foreclosure for which a guarantee from Ginnie Mae exists, net of a reserve for uncollectible guaranteed receivables of \$28.0 million and \$21.8 million at March 31, 2012 and December 31, 2011, respectively.

7. Other Assets

(\$ in thousands)	March 31, 2012	December 31, 2011
Property and equipment at cost	\$255,750	\$252,890
Accumulated depreciation and amortization	(212,771)	(207,645)
Net property and equipment	42,979	45,245
Fair value of derivative contracts in receivable position	3,621,448	4,877,197
Collateral placed with derivative counterparties	1,110,251	1,095,287
Restricted cash	397,494	448,819
Foreclosed assets	63,987	71,485
Receivables from Ally Bank	37,045	—
Trading securities	32,302	33,303
Interest retained in financial asset sales	—	23,102
Income taxes receivable	—	5,111
Other	25,866	28,603
Total other assets	\$5,331,372	\$6,628,152

Notes to Condensed Consolidated Financial Statements

Residential Capital, LLC

8. Borrowings

Borrowings were as follows.

(\$ in thousands)	Weighted average end of period interest rates		March 31, 2012			December 31, 2011		
	March 31, 2012	December 31, 2011	Unsecured	Secured	Total	Unsecured	Secured	Total
Short-term borrowings								
Borrowings from parent	3.0%	3.0%	\$—	\$410,000	\$410,000	\$—	\$183,595	\$183,595
Borrowings from affiliate	5.0%	5.1%	—	250,000	250,000	—	250,000	250,000
Other short-term borrowings	6.3%	6.3%	—	158,000	158,000	—	323,000	323,000
Total short-term borrowings	4.3%	5.1%	—	818,000	818,000	—	756,595	756,595
Long-term borrowings								
Borrowings from parent	3.0%	3.0%	—	749,873	749,873	—	755,769	755,769
Collateralized borrowings in securitization trusts (a)	4.6%	4.7%	—	828,418	828,418	—	830,318	830,318
Other long-term borrowings	8.2%	8.0%	1,112,587	3,198,189	4,310,776	1,096,789	3,285,615	4,382,404
Total long-term borrowings	7.0%	6.9%	1,112,587	4,776,480	5,889,067	1,096,789	4,871,702	5,968,491
Total borrowings	6.7%	6.7%	\$1,112,587	\$5,594,480	\$6,707,067	\$1,096,789	\$5,628,297	\$6,725,086

(a) Collateralized borrowings with an outstanding balance of \$2.5 billion and \$2.6 billion were recorded at fair value of \$828.4 million and \$829.9 million as of March 31, 2012 and December 31, 2011, respectively. See Note 13 — Fair Value for additional information.

The following table summarizes the maturity profile of our borrowings by type. Amounts represent the scheduled maturity of debt, assuming no early redemptions occur. For sources of borrowings without a stated maturity date (as is the case with uncommitted agreements), the maturities are assumed to occur within 2012.

(\$ in millions)	2012	2013	2014	2015	2016	2017 and thereafter	Total
Secured borrowings							
Borrowings from parent	\$1,159.9	\$—	\$—	\$—	\$—	\$—	\$1,159.9
Borrowings from affiliate	250.0	—	—	—	—	—	250.0
Collateralized borrowings in securitization trusts (a)	—	—	—	—	—	828.4	828.4
Other secured borrowings	239.7	789.3	805.1	719.3	—	802.8	3,356.2
Total secured borrowings	1,649.6	789.3	805.1	719.3	—	1,631.2	5,594.5
Unsecured borrowings	351.6	537.3	109.5	114.2	—	—	1,112.6
Total borrowings	\$2,001.2	\$1,326.6	\$914.6	\$833.5	\$—	\$1,631.2	\$6,707.1

(a) The principal on the debt securities is paid using cash flows from underlying collateral (mortgage loans). Accordingly, the timing of the principal payments on these debt securities is dependent on the payments received, and as such, we elected to represent the full term of the securities in the 2017 and thereafter time frame.

We did not make a \$20.1 million semi-annual interest payment that was due on April 17, 2012, related to \$473.0 million outstanding senior unsecured notes maturing in June 2013. The indenture provides that a failure to pay interest on an interest payment date does not become an event of default unless such failure continues for a period of 30 days.

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Residential Capital, LLC

The most restrictive financial covenants in our credit facilities require us to maintain consolidated tangible net worth of \$250.0 million as of the end of each month, consolidated liquidity of \$250.0 million daily, and unrestricted liquidity of \$250.0 million daily. For these purposes, consolidated tangible net worth is defined as our consolidated equity excluding intangible assets. Unrestricted liquidity is defined as certain unrestricted and unencumbered cash balances in U.S. dollars and cash equivalents on a consolidated basis. We view unrestricted liquidity as cash readily available to cover operating demands across our business operations. These financial covenants are included in certain of our bilateral facilities. Should we fail to remain in compliance with these requirements, remedies include but are not limited to, at the option of the facility provider, termination of further funding, acceleration of outstanding obligations, rights to realize against the assets securing or otherwise supporting the facility, and other legal remedies. Our liquidity providers can waive their contractual rights in the event of a default.

We are required to maintain consolidated tangible net worth, as defined, of \$250.0 million, under our agreements with a GSE. In the event of default, the GSE could require posting collateral in an amount based on repurchase demands outstanding plus recourse obligations; termination or suspension of our selling and servicing contract; require additional or more frequent financial and operational reporting; limit early funding programs or trading desk transactions; accelerate rebuttal time periods for outstanding repurchase demands; or take other actions permitted by law. We and certain of our subsidiaries are also required to maintain certain servicer ratings. Should we or our subsidiaries fail to remain in compliance with these requirements and as a result should our mortgage selling and servicing contract be terminated, cross default provisions within certain credit and bilateral facilities could be triggered.

At March 31, 2012, our consolidated tangible net worth, as defined, was \$399.3 million, in compliance with all of our consolidated tangible net worth covenants. In addition we are in compliance with our consolidated and unrestricted liquidity requirements and required servicer ratings as of March 31, 2012. Refer to Note 1 – Description of Business, Basis of Presentation and Changes in Significant Accounting Policies for additional information.

The following table summarizes the outstanding, unused, and total capacity of our funding facilities at March 31, 2012. We use both committed and uncommitted credit facilities. The financial institutions providing the uncommitted facilities are not legally obligated to advance funds under them.

March 31, 2012 (\$ in thousands)	Outstanding	Unused capacity	Total capacity
Facilities with parent			
Ally Inc. Senior Secured Credit Facility	\$749,873	\$—	\$749,873
Ally Inc. LOC	410,000	1,190,000	1,600,000
Total facilities with parent	1,159,873	1,190,000	2,349,873
Facilities with affiliate			
Secured financing agreement - BMMZ	250,000	—	250,000
Secured funding facilities - committed			
Mortgage servicing rights facility	158,000	—	158,000
Servicer advance funding facilities	727,838	197,162	925,000
Home equity funding facility	127,294	—	127,294
Other funding facilities	—	11,000	11,000
Total committed	1,263,132	208,162	1,471,294
Total funding facilities	\$2,423,005	\$1,398,162	\$3,821,167

Facilities with Parent and Affiliates

Ally Inc. Senior Secured Credit Facility

On April 10, 2012, this facility was amended and the maturity date was extended to May 14, 2012. The borrowers, RFC and GMAC Mortgage (collectively, the Borrowers), no longer have the ability to request revolving loans under the facility. The facility is secured by certain domestic whole loans, accounts receivable, notes receivable, securities, and equity investments of the Borrowers. The facility contains limitations on the use of proceeds from sales of pledged collateral with any such proceeds required to be paid to Ally Inc. to reduce the balance outstanding.

Ally Inc. Line of Credit (LOC)

At March 31, 2012, the maximum capacity of the LOC was \$1.6 billion, comprised of \$1.1 billion of secured capacity and \$500.0 million of unsecured capacity. On April 10, 2012, this facility was amended, extending the maturity date to May 14, 2012 and the \$500.0 million of unsecured capacity was terminated. Certain domestic whole loans, accounts receivable, notes receivable, mortgage servicing rights, securities, and equity investments of the Borrowers secure draws under the LOC, which are available to

Notes to Condensed Consolidated Financial Statements

Residential Capital, LLC

the extent there is sufficient collateral securing the draw. Draws under the LOC are available only if certain unrestricted and unencumbered balances in U.S. dollars and cash equivalents of us and our subsidiaries are less than \$300.0 million. The available amount and the borrowing base of the LOC will both be reduced by the amount of any collateral posted or delivered by Ally IM to the Borrowers or us pursuant to certain derivative transaction agreements with Ally IM. The obligations under the LOC and the Ally IM Derivative Agreements are cross-collateralized for the benefit of Ally Inc.

BMMZ Holdings, LLC Secured Financing Agreement (BMMZ Repo)

BMMZ Holdings LLC (BMMZ) is a wholly owned subsidiary of Ally Inc. The aggregate facility amount is \$250.0 million. The secured financing agreement is collateralized by domestic mortgage loan assets. The maturity date is the earlier of the maturity date of the LOC or December 19, 2012.

Secured Funding Facilities

Mortgage Servicing Rights Facility

On March 31, 2012, the facility was amended such that no additional draws can be made after that date, effectively reducing the maximum capacity to \$158.0 million. The facility maturity date was amended to the earlier of two days prior to the maturity of the Ally Inc. LOC or May 30, 2012.

Servicer Advance Funding Facilities

At March 30, 2012, the secured facility to fund mortgage servicer advances had total capacity of \$800.0 million, consisting of an \$800.0 million variable funding note which will begin amortizing on March 12, 2013 and has a stated final maturity of March 12, 2020. On March 13, 2012, the facility was amended whereby the new variable funding note was issued with the proceeds being used to pay down the then outstanding variable funding and term notes.

A second secured facility to fund mortgage servicer advances has capacity of \$125.0 million. On August 1, 2012, the scheduled revolving period will end, after which date no new advances will be funded and the 18-month repayment period will begin. Termination will occur upon the earlier of the end of the repayment period or the date the outstanding loan amount is paid in full.

Home Equity Funding Facility

The secured facility to fund home equity mortgage loans consisted of \$127.3 million in variable funding notes due to mature on February 25, 2031.

Collateralized Borrowings in Securitization Trusts

We previously sold pools of consumer mortgage loans through private-label securitization transactions. The purpose of these securitizations was to provide permanent funding and exit for these assets. Certain of these securitizations were accounted for as secured borrowings, and therefore, the debt is reflected on our Condensed Consolidated Balance Sheet.

Other Borrowings

Junior Secured Notes

The outstanding balance of the Junior Secured Notes at March 31, 2012, was \$2.1 billion with a final maturity on May 15, 2015. The unamortized balance of deferred concession recognized as a result of our 2008 exchange offer was \$220.2 million. The deferred concession is being amortized over the life of the secured notes using the effective yield method. For the three months ended March 31, 2012 and 2011, \$25.9 million and \$24.9 million, respectively, of deferred concession was amortized into earnings as a reduction of interest expense.

GMAC Mortgage, its immediate parent, GMAC Residential Holding Company, LLC (Res Holdings), RFC, its immediate parent, GMAC-RFC Holding Company, LLC (RFC Holdings), and Homecomings Financial, LLC (Homecomings), a wholly owned subsidiary of RFC, are all guarantors with respect to the junior secured notes.

Upon repayment in full of the Ally Inc. Senior Secured Credit Facility, net cash proceeds from sales of assets that were previously pledged as collateral to the Ally Inc. Senior Secured Credit Facility may be used to repurchase, optionally redeem or optionally prepay the junior secured notes. In the event net cash proceeds are not used to repurchase or optionally redeem or prepay the junior secured notes, or to reinvest in permissible collateral with a fair value substantially equivalent to the net cash proceeds (collectively, the Reinvested Proceeds), under certain circumstances, we may be required to make an offer to all holders of the junior secured notes to purchase notes in an amount equal to the excess of the net cash proceeds over the Reinvested Proceeds.

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Residential Capital, LLC

Unsecured Notes

As of March 31, 2012, unsecured notes include \$673.3 million of U.S. dollar-denominated senior notes maturing between June 2012 and June 2015, \$131.2 million euro-denominated notes maturing in May 2012 and \$167.7 million U.K. sterling-denominated notes maturing between May 2013 and July 2014. We hedge a portion of the interest rate risk associated with our fixed-rate euro and U.K. sterling notes. As of March 31, 2012, we had interest rate swap agreements in place with notional amounts of \$147.2 million and \$103.9 million for our euro and U.K. sterling denominated notes, respectively.

We did not make a \$20.1 million semi-annual interest payment that was due on April 17, 2012, related to \$473.0 million outstanding senior unsecured notes maturing in June 2013. The indenture provides that a failure to pay interest on an interest payment date does not become an event of default unless such failure continues for a period of 30 days.

Medium-term Unsecured Notes

Represents \$140.4 million of peso-denominated notes issued by our wholly owned subsidiary GMAC Financiera S.A de C.V., SOFOM, ENR (GMAC Financiera) that mature in June 2012. ResCap, GMAC Mortgage, Rcs Holdings, RFC, RFC Holdings, and Homecomings are guarantors of the medium-term unsecured notes.

Collateral for Secured Debt

The following table summarizes the carrying value of assets that are restricted, pledged, or for which a security interest has been granted as collateral for the payment of certain debt obligations.

<i>(\\$ in thousands)</i>	March 31, 2012	December 31, 2011
Cash and cash equivalents	\$85,628	\$82,389
Mortgage loans held-for-sale	1,610,350	1,688,037
Finance receivables and loans, net		
Consumer	979,137	1,005,982
Commercial	4,205	4,226
Total finance receivables and loans, net	983,342	1,010,208
Mortgage servicing rights	843,299	855,343
Accounts receivable, net	2,481,190	2,404,231
Other assets	77,676	81,960
Total assets restricted as collateral	\$6,081,485	\$6,122,168
Related secured debt	\$5,594,480	\$5,628,297

A portion of the assets included in the table above represent assets of subsidiaries whose equity has been pledged to secure the Ally Inc. Senior Secured Credit Facility and the Ally Inc. LOC. At March 31, 2012, there were \$3.0 million of equity interests of these subsidiaries pledged to the Ally Inc. Senior Secured Credit Facility. We have also provided a lien on certain of our consolidated assets, as specified in the Ally Inc. Senior Secured Credit Facility agreements, for the benefit of the Ally Inc. Senior Secured Credit Facility and the Junior Secured Notes. Included in the table above is \$1.9 billion and \$2.0 billion at March 31, 2012 and December 31, 2011, respectively, of collateral pledged that can be re-hypothecated or re-pledged by the secured party.